



CHELTENHAM TOWNSHIP

Request for Qualifications For
Sewer System Transaction

May 8, 2017

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Section 1

Overview of RFQ and Process

1.0 Overview of RFQ Process

The Cheltenham Township Board of Commissioners, Montgomery County Pennsylvania (“Cheltenham”) is considering a Transaction and/or restructuring of its municipally-owned sanitary sewer system. Cheltenham is facing several long-term challenges related to its sewer system including substantial capital expenditures for inflow and infiltration remediation and sewer lateral repair concerns.

This Request for Qualifications (“RFQ”) may be the first step in a two-stage procurement process, consisting of the RFQ process followed by a Request for Bids (“RFB”) process. Firms receiving this RFQ shall be referred to herein as “Prospective Proposers.” The purpose of this RFQ is to provide Prospective Proposers an opportunity to formally express their interest in bidding on a sale, lease, or long-term management agreement (a “Transaction”) of Cheltenham’s sanitary sewer system assets described in Section 2 hereof (including the assumption of certain liabilities) (the “System”). Prospective Proposers who fail to respond to this RFQ or whose submissions in response to this RFQ are deemed unqualified cannot participate in the RFB process and are not eligible for award of the Transaction. After a review of RFQ responses by Cheltenham, if Cheltenham decides to move forward, Prospective Proposers that are deemed qualified will sign a Confidentiality and Data Room Usage Agreement (“Confidentiality Agreement”) and will receive access to an on-line data room which will provide additional information concerning the System. Qualified Prospective Proposers will also have the opportunity to conduct due diligence on the System through (i) System tours and additional inspections by qualified Prospective Proposer representatives; (ii) management presentations; and (iii) review and discussion of a proposed Transaction agreement (the “Transaction Agreement”) for the System. Following this due diligence process, if Cheltenham decides to move forward, it will issue a RFB and final and binding proposals will be submitted in accordance with a RFB to be issued to the qualified Prospective Proposers.

Cheltenham reserves the right to determine in its sole discretion whether any Prospective Proposer is qualified to participate in the RFB process. Cheltenham reserves the right to modify or terminate this RFQ process and or the RFB process at any stage if Cheltenham determines such action to be in its best interests. The receipt of proposals or other documents at any stage of either the RFQ or the RFB process will in no way obligate Cheltenham to enter into any contract at any time with any party. Cheltenham will not be responsible in any manner for the costs associated with the submission of any proposals in response to this RFQ, the RFB process or any subsequent procurement. Cheltenham reserves the right to reject any and all proposals, irrespective of whether any such proposal is the only proposal received or one of a number of proposals representing the most favorable transaction terms. Cheltenham will authorize the release of a RFB which will define the terms and conditions of the Transaction in accordance with the schedule provided herein.

Section 2

Description of the System

2.0 Description of Assets

Cheltenham Township Sanitary Sewer System

Cheltenham Township owns, operates, and maintains approximately 106 miles of collection system ranging in size from 8- to 33-inches diameter. The Township's collection system conveys raw sewage to the Philadelphia Water Department (PWD) collection and conveyance system. The wastewater is then conveyed through PWD's system to the Northeast Water Pollution Control Plant. There are two (2) inter-municipal connections into the PWD system. The primary interceptor is Interceptor A and the secondary interceptor is Interceptor C (See Section 6 map for locations). There are very small portions in the West and Northwest portion of the Township that are conveyed to Abington Township's Wastewater Treatment Plant. Cheltenham Township also has inter-municipal agreements to convey wastewater from the Abington Township "Tookany Drainage Basin," Jenkintown Borough, Springfield Township, and seven (7) inter-municipal connections from the City of Philadelphia.

The Township has an inter-municipal agreement with the City of Philadelphia for treating sewage at Philadelphia's Northeast treatment plant for flows entering from Cheltenham, Abington and Springfield Townships and Jenkintown Borough; this agreement is currently in negotiation for amendment. The Township is currently under a sewer moratorium imposed by the Pennsylvania Department Environmental Protection, and therefore is required to submit reports on a quarterly basis per Chapter 94. From time to time, the Township's Corrective Action Plan may need to be updated, which may also result in renegotiating the inter-municipal agreement with the City of Philadelphia. Source: 2016 Chapter 94 Report

The Township has been repairing its system for a number of years, including spending millions of dollars recently on relining mains and doing major point repairs, and will continue to reline and replace mains during this RFQ/RFB process.

The Township has received DEP approval of its February 2017 Corrective Action Plan subject to several conditions. First, the Township must provide semi-annual reports. Second, the Township must provide a revised Corrective Action Plan no later than March 31, 2018 which includes several additional elements including location of additional permanent meters and adoption of a second private lateral ordinance which mandates actions homeowners must take to remediate lateral issues. Source: CAP Approval Letter dated April 19, 2017

The Township recently passed its Phase I Ordinance which allows for inspection and data collection within private laterals. Township is currently working on a Phase II Ordinance for addressing Implementation of repairs of private laterals. At this time, it is expected that property owners will be responsible for paying for lateral repairs. The Township will continue to look for grants and favorable loans from banks for property owners (should they exist) to help low/moderate income residents.

The Township began an eight-year program to conduct a Township-wide evaluation of its public mains as well as the private laterals in January 2017. Starting in the Cheltenham Village and Glenside neighborhoods, the evaluation will include televising all Township-owned sanitary sewer mains, plus cleaning and joint repairs where indicated. The goal is to identify and eliminate sources of extraneous water entering the system. In connection with this work, the Township recently spent several hundred thousand dollars on televising equipment.

In addition to evaluating the sewer mains, contractors will also televise the private sewer laterals that connect residential, commercial and institutional properties to the Township system. Property owners will at some point receive a DVD copy of the video evaluation of their sewer lateral along with a report. They will not have to correct any damage or deficiencies identified in the report at this time. However, later in 2017 the Board of Commissioners expects to adopt the Phase II Ordinance that will establish the requirements for property owners to repair or replace private sewer laterals or sections thereof, found to be damaged or defective, as mandated by the Corrective Action Plan. Lateral inspections have begun in Cheltenham Village and Glenside. Additionally, the Township has recently put out to bid a \$7.5-\$8 million replacement project of 3.75 miles of Interceptor A between Old York Road and Central Avenue. The project will replace 17,000 linear feet of mostly 36" and 42" PVC sewer. Contracts are scheduled to be awarded on the project June 21, 2017.

In 2014, the Township changed the sewer fee structure to one based on water usage. The old formula was based on fixture counts. It assumed that more sinks, toilets and drains equated to more use of the sanitary sewer. Sewer rental fees are billed annually on the real estate property tax bill.

Fixed Fee- \$250.65/EDU/year

Water Use Cost -\$3.91/1,000 gallons for the 12 months ending the previous September 30

Source: Township Website

Section 3

RFQ Submission Requirements

3.1 Qualification Requirements and Evaluation Criteria

This RFQ is open to Prospective Proposers who seek qualification to submit a proposal to purchase, lease, or enter into an operating and management agreement for the System. Qualification will be based on a determination by Cheltenham, in its sole discretion, that the Prospective Proposer meets the requirements highlighted in this RFQ. Cheltenham will assess each Prospective Proposer's qualifications in the areas of experience and technical and financial capability. There will be no restriction as to the number of Prospective Proposers that may qualify under this RFQ. Certain Prospective Proposers may find that forming a team with partners will enhance their ability to meet the requirements of this RFQ. A team may consist of a prime/subcontractor relationship, a partnership or a joint venture, or any other arrangement that is legally binding under the laws of the Commonwealth of Pennsylvania. No change in the composition of a team after the RFQ process is complete shall be permitted without the prior consent of Cheltenham.

Cheltenham's evaluation will be based on the following criteria:

PROPOSER STRUCTURE

To qualify, the Prospective Proposer or with its partner(s) must demonstrate sufficient team structure with respect to the following areas:

1. Adequacy of proposed team structure to provide sufficient assurance that all technical and financial obligations will be met.
2. Adequacy of definition of roles and responsibilities of team members and key personnel.
3. Adequacy of disclosure of controlling interests and team integrity.

TECHNICAL CAPABILITY

To qualify, the Prospective Proposer must demonstrate technical capability with respect to the following areas of expertise:

1. Operation and maintenance of wastewater systems.
2. Customer service improvements and enhancements.
3. Customer safety, security, and environmental responsibilities.
4. Ability to execute an efficient, timely and seamless transition plan.
5. Capability to undertake required capital improvements.
6. Creative approaches to private laterals replacement and repair
7. Ability to offer other system enhancements with a demonstrated knowledge of technologies.
8. Employee safety and satisfaction.
9. Knowledge of, and history of work with, Pennsylvania Department of Environmental Protection and the Philadelphia Water Department.

FINANCIAL CAPABILITY

To qualify, the Prospective Proposer must demonstrate financial capability with respect to the following areas:

1. Financial capability to timely make any upfront payment and undertake other commitments required under the Transaction Agreement.
2. Financial ability to maintain and upgrade the System in a first class manner to the satisfaction of the Township, the Pennsylvania Department of Environmental Protection and the Philadelphia Water Department.
3. Adequate sources of operating capital.
4. Ability to secure financing.
5. Ability to finance future Asset expansion.
6. Ability to carry out and oversee the obligations of the Township and property owners under the Phase I and Phase II Ordinances.

3.2 Format and Required Information

All RFQ submissions should follow the format outlined below. The written proposal shall be bound and prepared on 8-1/2" x 11" paper. A limited number of 11" x 17" fold-out sheets for exhibits are acceptable. All pages are to be sequentially numbered. Unnecessarily elaborate proposals are not being sought. Elaborate artwork, expensive paper and binding, and expensive visual and other preparation aids are neither necessary nor desirable. Any concerns with providing the required information should be communicated to the Advisor Representatives as outlined in Section 3.4.

- A. Cover Page (to include identification of all team members)
- B. Cover Letter (2 pages maximum)
- C. Table of Contents
- D. Executive Summary (optional) (1 page maximum)
- E. Proposer Information
 - I. Description of Prospective Proposer: Provide a description of the team, including a description of all team members and the anticipated legal relationship (ownership, governance and capital structure) among the team members (e.g., partners, shareholders, members, operators, subcontractors, etc.) as appropriate. All equity investors should be identified.
 - II. Roles of Team Members and Key Personnel: Briefly outline the roles of the team members and key personnel. In doing so, please ensure that all the requirements as detailed in Section 3.1 are addressed.
 - III. Operator: Specifically identify the entity or entities that will act as operator of the System under the proposed Transaction.

- IV. Contact Person: Provide a single contact person for all future communication between Cheltenham and the Prospective Proposer. Please identify the contact person's name, title, organization, address, telephone number, fax number, and email address.
 - V. Controlling Interest: Identify the individuals or companies who hold a major or controlling interest in each team member.
 - VI. Expected Advisors: Identify the companies and individuals who are expected to act as legal, financial, or other advisors for the team.
 - VII. Comparable Projects: Provide a list of comparable projects in which each team member has participated. Prospective Proposers should specify how these comparable projects relate to the proposed Transaction, their specific role(s) on these other projects, and the extent to which team members have worked together in prior projects.
 - VIII. Provide at least three references, if available, in which the team or team members have experience with wastewater system purchase, lease or operating contracts with government entities. Include each reference's organization, title, a contact person's e-mail and phone number.
 - IX. Please list which structure(s) you may have an interest in (lease, sale, O&M agreement).
- F. Technical Capability. Prospective Proposers must address the following areas with respect to technical capability:
- I. Operations and Maintenance Expertise: Prospective Proposers must provide evidence demonstrating their ability to operate and maintain facilities similar to the System. Specifically, Prospective Proposers should identify:
 - a. substantial sewer system maintenance and operation experience.
 - b. advanced knowledge of sewer system maintenance, repair, construction, and practical application of equipment and materials in sewer system operations.
 - c. demonstrated understanding in sewer system aging behavior to assess and determine the applicability of remedial maintenance action.
 - d. all the capabilities necessary to successfully operate and maintain the System including sewer fee management and operations, administration, marketing and public relations.
 - II. Customer Service: Prospective Proposers must demonstrate their commitment to achieving the highest standards of customer service and satisfaction. Specifically, the Prospective Proposer must highlight its experience and qualifications providing excellent customer service to the public using its sanitary wastewater services. Explain willingness, ability, and history for providing such service on a 24/7 basis including for floods and other emergencies. Additionally, as a pre-requisite, the Prospective Proposer is expected to provide a plan to execute a seamless transition to Prospective Proposer's operations while maintaining the highest standards of customer service.
 - III. Safety and Security: Prospective Proposers must demonstrate their ability to address and resolve safety and security issues. Specifically, the Prospective Proposer should have:
 - a. knowledge of sewer system safety and security techniques and methodologies.
 - b. experience in emergency response support.

- IV. Capital Improvements. Prospective Proposers must demonstrate their ability to efficiently undertake required capital improvements to the System. Prospective Proposers must demonstrate expertise in relevant engineering standards, specifications, policies, practices, and processes.
- G. Financial Capability. Prospective Proposers must address the following areas with respect to financial capability:
 - I. Financial Capacity to Make Upfront Payment, Maintain the System. Prospective Proposers must demonstrate their financial capacity to pay the upfront consideration and to maintain the System. To demonstrate sufficient financial capacity, the primary equity providers and operators must provide copies of audited financial statements for the past three years, together with any other relevant financial information. If audited financial statements cannot be provided, team members should provide enough financial information to demonstrate that they have the financial resources to successfully execute a project of this nature and scope.
 - II. Ability to Raise Financing. Prospective Proposers must provide specific evidence demonstrating their ability to raise financing for a transaction of this potential nature and scope. Specific factors that will be assessed include:
 - a. capability of issuing debt and raising equity in the current capital market.
 - b. the number and size of past relevant transactions.
 - c. specific experiences on past relevant transactions.
- H. Confidentiality and Data Room Usage Agreement. Prospective Proposers must submit any proposed revisions to the Confidentiality Agreement for Cheltenham approval prior to signing the required Confidentiality Agreement exhibited in Section 5. Prospective Proposers will be required to sign the Confidentiality Agreement to have access to the due diligence process described in Section 1.0 and are encouraged to keep changes to the Confidentiality Agreement to a minimum. Each individual team member will be required to sign the Confidentiality Agreement.

Should the submission contain proprietary data which a Prospective Proposer does not want disclosed for any purpose other than evaluation of qualifications, Cheltenham will entertain requests for non-disclosure provided the firm identifies the appropriate sections/pages of the submission and the reason for doing so. However, Prospective Proposers are advised that Cheltenham is subject to the Pennsylvania Right to Know Law and Sunshine Law and the provisions of those Acts may affect the release, retention, and public discussion of information submitted to Cheltenham. Cheltenham's decision with respect to this issue will be final.

Cheltenham reserves the right to request additional information from any Prospective Proposer at any time if it determines, in its sole discretion, that such information is necessary for consideration of the Prospective Proposer's qualifications.

3.3 Advisors and Consultants to Cheltenham

The following firms are serving as advisors or consultants to Cheltenham (collectively, the “Cheltenham Advisors”) and are not eligible to provide service to any Prospective Proposers or participate as members of any team:

Financial Advisor:	PFM Financial Advisors, LLC
Cheltenham Engineer for this transaction:	Boucher & James, Inc.
Cheltenham Solicitor:	Wisler Pearlstine, LLP
Special Transaction Counsel:	Dilworth Paxson LLP

Prospective Proposers may not rely on any of the foregoing firms in regards to this RFQ, in determining any course of action in relation to the proposed transaction or otherwise, and are advised to seek their own independent financial and legal advice with respect thereto. Prospective Proposers are required to disclose any conflicts of interest with respect to the parties listed above.

BCM Engineers, also known as ATC Group Services, LLC, Arro Consulting, Inc., Gilmore & Associates, Inc. and David Busch, Keystone Alliance Consulting, Michael Postick, formerly of BCM Engineers, Rudy Kastenhuber, Patrick Duffy, David Kraynik and David Lynch were past consultants and/or past advisers and/or past employees to/of Cheltenham and they as well as their employees and agents are also not able to provide service to any Prospective Proposer or participate as members of any team with regards to this RFQ or in relation to the proposed transaction or otherwise.

3.4 Registration, Questions and Answers, and Submission Instructions

Prospective Proposers that anticipate responding to this RFQ must indicate their intention by **May 22, 2017** by providing contact information via e-mail to the Cheltenham Township Representative listed below with a copy to the Advisor Representatives. Providing contact information will enable the Advisor Representatives to contact the Prospective Proposer if necessary to amend this RFQ or for any other reason.

Any questions shall be submitted via e-mail to the Advisor Representatives listed below. All questions must be submitted no later than 5 p.m. EDT on **May 31, 2017**. Questions and responses will be made available to those that provided contact information, with the official response made by the Township Representative.

All contact should be directed only to the Advisor Representatives listed below. Prospective Proposers should not contact any officials, staff, or employees at Cheltenham regarding this RFQ (except for certain email communication to the Cheltenham Township Representative as noted above). Proposers should not contact any representative of the Cheltenham Advisors listed in Section 3.3 regarding this RFQ (except for inquires and electronic copies to the Advisor Representatives, as noted above). Any such contact will be grounds for disqualification.

Cheltenham Township Representative:

Bryan Havir
Township Manager
8230 Old York Rd.
Elkins Park, PA 19027
bhavir@cheltenham-township.org

Advisor Representatives:

Scott Shearer
Managing Director
PFM Financial Advisors, LLC
Phone: (717) 232-2723
shearers@pfm.com

Melissa Hughes
Senior Analyst
PFM Financial Advisors, LLC
Phone: (717) 232-2723
hughesm@pfm.com

To respond to this RFQ, interested parties must deliver to the addresses below an electronic copy of the RFQ submission and 7 hard copies of the RFQ submission no later than noon EDT on **June 9, 2017**.

Electronic copy should be sent to each of the following email addresses:

bhavir@cheltenham-township.org
hughesm@pfm.com
shearers@pfm.com

Hard copies should be sent to the following address:

PFM Financial Advisors, LLC
C/O Melissa Hughes
One Keystone Plaza
Suite 300
North Front & Market Streets
Harrisburg, PA 17101-2044

3.5 RFQ Evaluation Process

Upon submission of the qualification documents, Cheltenham staff and its Advisors (and any other persons or entities determined by Cheltenham in its sole discretion) will evaluate each Prospective Proposer based upon the information provided in response to Section 3.2. Submissions will be evaluated in their entirety on a Pass/Fail basis. If a Prospective Proposer is notified that it is not qualified to participate in the RFB process or to continue to participate in the RFQ process, it may request reconsideration by writing to the Advisor Representatives within five (5) calendar days of receipt of the Notice, setting forth in writing the reasons the determination should be reconsidered. The Advisor Representatives will notify the Prospective Proposer of a final determination within a reasonable time after receiving the request for reconsideration. The ultimate decision will be final and conclusive regarding this RFQ. In the event of a request for reconsideration, if there is no response provided within 5 business days, the request shall be deemed denied.

Cheltenham reserves the right to modify or terminate this solicitation at any stage if Cheltenham determines such action to be in its best interests.

3.6 Tentative Transaction Timeframe

Prospective Proposers who are deemed qualified by Cheltenham, in its sole discretion, will be asked to participate in further due diligence as described in Section 1.0, and to ultimately provide final and binding proposals to Cheltenham in order to purchase, lease or enter into a long term management agreement of the System. Assuming the Township decides to proceed from phase to phase, the approximate timing of this transaction will be as follows. Should the Township opt to proceed with an alternative arrangement, the timeline for such transaction would be developed and disseminated at that time. Cheltenham may change the Timeframe or terminate this process at anytime in its sole discretion.

Timeframe	Event
May 8, 2017	RFQ development & release
May 22, 2017*	Indication of Interest
May 31, 2017*	Deadline for Questions
June 9, 2017*	Receive RFQ responses
Late June 2017	Qualify bidders, sign Confidentiality Agreements, open data room
July-Late August 2017	Negotiate transaction documents with bidders
Late August 2017	Release final Transaction Documents with RFB
Late September 2017 or later TBD	Receive RFB responses
Late September 2017 or later TBD	BAFO submission (if applicable) and tentative proposed award subject to Board of Commissioners approval
October or November 2017	Board of Commissioners Approval of Transaction
TBD	Financial Close- Varies based on type of transaction and winning bidder

*For exact time deadlines, please see relevant sections of this RFQ.

Section 4

Confidentiality Agreement

4.1 Form of Confidentiality Agreement

CONFIDENTIALITY AND DATA ROOM USAGE AGREEMENT

This Confidentiality and Data Room Usage Agreement ("Agreement") is made as of this ___ day of _____, 2017, by and between Cheltenham Township ("Cheltenham"), and _____, a(n) [insert business entity type and State of formation] (the "Receiving Party").

Cheltenham agrees to disclose to the Receiving Party certain information through a secure, virtual data room. The virtual data room will contain Cheltenham information, which may include but is not limited to, user statistics, financial data, statistical data, and existing equipment. The Receiving Party agrees to access the virtual data room under the following terms and conditions.

1. **Confidentiality.** Subject only to the provisions of paragraph 2 below, the Receiving Party will not disclose any Confidential Information (as defined below) received from Cheltenham to anyone except employees of the Receiving Party and those members of the Receiving Party's "project team" ("Team Members") with a need to know who have been informed by the Receiving Party of the confidentiality of such information. The Receiving Party agrees that it and its Team Members will use such information only for the purpose of preparing the Receiving Party's submittal in response to Cheltenham's Request for Qualification (the "RFQ") and Request for Proposal (the "RFP"). Upon the completion of the RFP process, or at such time if earlier that the Receiving Party decides that it does not wish to pursue the RFP process further, the Receiving Party acknowledges and agrees that its access to the virtual data room shall be terminated and it further agrees to destroy all copies of Confidential Information in its possession, as directed by Cheltenham.

a. "Confidential Information" shall be all information disclosed, in writing, orally, visually, electronically or otherwise, by Cheltenham to the Receiving Party, including, but not limited to, all documents, data and/or information contained in Cheltenham's virtual data room.

b. With respect to the Confidential Information, the Receiving Party specifically agrees to and shall cause all its Team Members to:

- i. Protect and preserve the confidential and proprietary nature of all Confidential Information and the information contained therein;
- ii. Not disclose, give, sell or otherwise transfer or make available, directly or indirectly, any Confidential Information or the information contained therein to any third party for any purpose, except on a need to know basis as is reasonably necessary for evaluation by advisors, consultants or agents of the Receiving Party or potential investors or other financing sources who have been informed by the Receiving Party of the

confidentiality of such information, or otherwise as explicitly permitted in advance in writing by Cheltenham;

- iii. Not use, transcribe or make records or copies of the Confidential Information except as necessary to prepare the Receiving Party's submittal to the RFP;
- iv. Limit the dissemination of the Confidential Information within the Receiving Party's own organization and within the organizations of any reasonably required advisors, consultants, agents, potential investors or other financing sources, to those individuals whose duties justify the need to know the Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential and proprietary nature of the Confidential Information in accordance with this Agreement;
- v. Notify Cheltenham immediately of any loss or misplacement of Confidential Information, in whatever form; and
- vi. Promptly advise Cheltenham if it learns of any unauthorized use or disclosure of the Confidential Information. In addition, the Receiving Party agrees to cooperate fully and provide any assistance necessary to protect against the unauthorized use or disclosure of such Confidential Information.

2. Exceptions. Notwithstanding the provisions of paragraph 1:

a. The Receiving Party's obligation with respect to keeping the Confidential Information confidential and with respect to the use of Confidential Information shall terminate with respect to any part of such information which appears in printed or online publications or which ceases to be confidential through no fault of the Receiving Party.

b. The Receiving Party shall not be precluded from disclosing or making any use whatsoever of any information which it can show was in its possession prior to the disclosure made by Cheltenham or which subsequently comes into its possession from a source independent of Cheltenham, which source was not, to the knowledge of Receiving Party, under any obligation of confidentiality to Cheltenham, or which was independently developed by the Receiving Party.

c. For the purpose of keeping confidential the Confidential Information received by it, the Receiving Party agrees that it shall treat all such Confidential Information with no less than the same degree of care to avoid disclosure to any third party as the Receiving Party employs with respect to its own proprietary and confidential information.

d. In the event that the Receiving Party is ordered by a court of competent jurisdiction to release to a third party or to such court any of the Confidential Information provided by Cheltenham, the Receiving Party may release such Confidential Information provided, however, that the Receiving Party promptly notifies Cheltenham of such legal action in advance of the release of such Confidential Information. Cheltenham shall have, to the extent provided

by law, the opportunity to contest such legal action seeking release. Nothing contained herein shall be deemed to require the Receiving Party to disclose Confidential Information.

3. Accessing the Virtual Data Room. Within a reasonable time after both parties execute this Agreement, the Receiving Party will receive usernames and passwords to access the virtual data room.

4. Rules of Use. The virtual data room and all content within the virtual data room may not be copied, reproduced, republished, uploaded, posted, or transmitted; provided, however, that Cheltenham grants the Receiving Party non-exclusive, non-transferable, limited permission to access and display the Web pages within the virtual data room, solely on a computer or computers owned and operated by the Receiving Party. All materials contained within the virtual data room that are made available for downloading, access, or other use shall constitute Confidential Information and shall be governed by the terms of this Agreement.

5. Indemnification. The Receiving Party agrees that its compliance with this Agreement is of utmost importance and, accordingly, the Receiving Party agrees to indemnify, defend and hold harmless Cheltenham, and any official, officer, or employee thereof, and any third party (to the extent a breach of this Agreement affects the proprietary rights of such third party) with respect to any claims, losses, damages and expenses (including reasonable outside attorney's fees) which are attributable to or arise out of the Receiving Party's and or the Team Members' breach of this Agreement. The obligations of the Receiving Party under this Agreement and the indemnification provisions provided herein shall survive termination of this Agreement. Further, the Receiving Party agrees that Cheltenham nor any official, officer or employee thereof shall have any liability to the Receiving Party or any person asserting claims on behalf of the Receiving Party as a result of any matter associated with the transactions contemplated hereby, except in the case of willful misconduct of such party (and such exception shall apply only as to such party) or gross negligence, which is the sole cause of such claims, losses, damage and expenses.

6. Insider Trading. The Receiving Party acknowledges that it is aware that United States securities laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this confidentiality agreement from purchasing or selling bonds or other securities of such issuer or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such bonds or other securities.

7. Disclosure relating to negotiations or transaction status. Without the prior written consent of Cheltenham, the Receiving Party and its agents and employees shall not disclose to any person (including, without limitation, any person or entity directly or indirectly bidding on, or otherwise involved in, the transactions contemplated hereby) either the fact that discussions, negotiations or exchanges are taking place concerning possible transactions between Cheltenham and the Receiving Party or any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof and the Receiving Party's potential participation therein.

8. Waiver. No failure or delay by Cheltenham in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

9. Disclaimer of Warranty. All Confidential Information is provided "as is." Cheltenham does not make any representation or warranty, either express or implied, as to its quality, adequacy, completeness, accuracy, fitness for a particular purpose, sufficiency or freedom from defects of any kind.

Cheltenham shall not be liable in damages of whatever kind as a result of the Receiving Party's reliance on or use of the Confidential Information provided hereunder.

10. Remedies. The Receiving Party acknowledges that the breach of any of the covenants or agreements contained in this Agreement on the part of the Receiving Party and/or its employees will result in irreparable harm and continuing damages to Cheltenham, and that Cheltenham's remedy at law for any such breach or threatened breach would be inadequate. Accordingly, in addition to such remedies as may be available to Cheltenham at law or in equity, in the event of any such breach, any court of competent jurisdiction may issue an injunction (both preliminary and permanent), without bond, enjoining and restricting the breach or threatened breach of any such covenant, including, but not limited to, an injunction restraining the Receiving Party and/or its employees from disclosing, in whole or in part, any Confidential Information. The Receiving Party shall pay all of Cheltenham's costs and expenses incurred in enforcing such covenants.

11. Ownership. Confidential Information disclosed hereunder shall be and remain the property of Cheltenham. No license, right, title or interest is granted herein, directly or indirectly, by implication or otherwise, to the Confidential Information by virtue of Cheltenham disclosing said Confidential Information to the Receiving Party, except such license or other rights as may be mutually and expressly agreed upon between the parties by separate written agreement.

12. Notice. Whenever notice is required to be given pursuant to this Agreement, the same shall be in writing, and either personally delivered, sent by a nationally recognized overnight delivery service, postage prepaid, or sent via United States certified mail, return receipt requested, postage prepaid, and addressed to the parties at their respective addresses as set forth on the signature page of this Agreement, or at such other addresses as any party, by written notice in the manner specified above to the other party hereto, may designate from time to time. All notices shall be deemed to have been given upon receipt (or refusal of receipt) thereof.

13. Parties. This Agreement inures to the benefit of Cheltenham and is binding upon Cheltenham and the Receiving Party, and their respective successors and assigns. This Agreement shall not be construed to recognize or create a joint venture, partnership, or other formal joint business or agency relationship.

14. Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed within such State without regard to the conflict of laws principles thereof. Any dispute arising out of this Agreement, if litigated, shall be resolved by a state or federal court in Montgomery County, PA, and the parties hereby consent to the jurisdiction of such court.

15. Severability. In the event any provision of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, the provisions of this Agreement being severable in such circumstances.

16. Entire Agreement. This Agreement (a) constitutes the entire agreement and supersedes all written and oral communications between the parties relating to the subject matter hereof, and (b) may be modified or amended only by a written instrument specifically stating that it modifies this Agreement, signed by the parties hereto.

17. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, Cheltenham and the Receiving Party have executed this Agreement as of the day and year first above written.

RECEIVING PARTY

By: _____

Name: _____

Title: _____

Date: _____

Address for Notices:

Facsimile () _____ - _____

Cheltenham Township

By: _____

Name: _____

Title: _____

Date: _____

Address for Notices:

Facsimile () _____ - _____

Section 5

Disclaimer

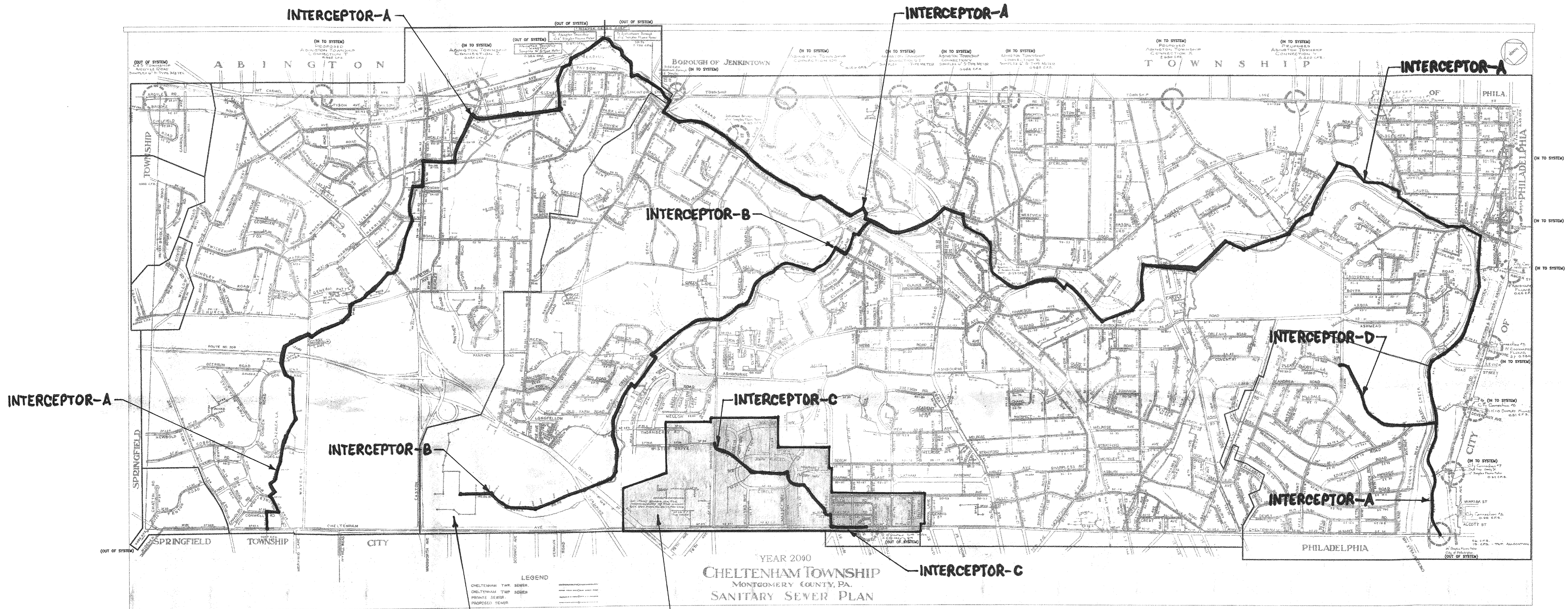
5.1 Disclaimer

This RFQ has been prepared for informational purposes relating to the proposed transaction only and upon the express understanding that it will be used solely for the purposes set forth herein. This RFQ is based on information provided by Cheltenham and other sources believed to be reliable; however, such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation or warranty of Cheltenham. This RFQ does not purport to be all-inclusive or to contain all the information that a Prospective Proposer may desire in investigating the System. Neither Cheltenham nor any Cheltenham Advisor (collectively, the "Project Team") makes any express or implied representation or warranty as to the accuracy or completeness of the information contained herein or made available in connection with any further investigation of the System (the "Information"). Each member of the Project Team expressly disclaims any and all liability which may be based on the Information or any errors contained therein or omissions therefrom. No other person has been authorized by Cheltenham to provide any information with respect to the proposed transaction or the System other than the Information, and, if given or made, such other information must not be relied upon as having been authorized by Cheltenham. In furnishing this RFQ, no member of the Project Team undertakes any obligation to provide any Prospective Proposer with access to any additional information. A Prospective Proposer which ultimately enters into a final and binding Transaction Agreement with Cheltenham shall be entitled to rely solely on the representations and warranties made to it by Cheltenham in any such final and binding Transaction Agreement.

This RFQ shall not be deemed an indication of the state of affairs of the System or Cheltenham nor shall it constitute an indication that there has been no change in the business or affairs of the System or Cheltenham since the date hereof. The information and expressions of opinion contained herein are subject to change without notice, and neither the issuance of this RFQ nor any transaction that may be consummated pursuant to the RFB process shall, under any circumstances, create any implication that there has been no change in any of the information contained herein since the date hereof or the date as of which such information is given, if earlier.

Section 6

Appendix – System Maps



YEAR 2090
CHELtenham TOWNSHIP
 MONTGOMERY COUNTY, PA.
 SANITARY SEWER PLAN

CHELtenham MALL

CEDARBROOK PLAZA

CHELtenham TOWNSHIP SANITARY SEWER

EXISTING INTERCEPTORS

4.28.2010